

# **STATE PROPERTIES COMMITTEE MEETING**

**TUESDAY, JUNE 24, 2008**

**The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Kevin M. Flynn. Other members present were Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Robert W. Kay and John A. Pagliarini, Jr., Public Members and Xaykham Khamsyvoravong representing the Rhode Island Office of the General Treasurer, Ex-officio Member. Others in attendance were Anthony Paolantonio from the Rhode Island House of Representatives; Robert Bromley from the Rhode Island Senate Fiscal Office; Kartik Naram from the Office of the General Treasurer; John Glynn, Marc Malkasian, Robert B. Jackson, David Coppotelli, Anthony Barone and William McCarthy from the Rhode Island Department of Transportation; John Faltus, Mary E. Kay, Michelle Sheehan, Brandon Ruotolo and Lisa Primiano from the Rhode Island Department of Environmental Management; John Ryan, Michael D. Mitchell and Marilyn McConaghy from the Rhode Island Department of Administration; Frank DiBiase from the Rhode Island Department of Human Services; William H. Waldron from the U.S. Fish & Wildlife Service; Charles Breagy from Eident Sports Marketing; Richard Licht from the law firm of Tillinghast & Licht, LLP; Robert G. Flanders from the Veterans Memorial**

**Auditorium Foundation; Bruce A. Leach from the law firm of DeSimone & Leach; James McCarvill from the Rhode Island Convention Center Authority; and W. Thomas Humphreys from the law firm of Hinckley, Allen & Snyder, LLP.**

**Chairman Flynn noted for the record that the State Properties Committee did have a quorum present.**

**A motion was made to approve the regular minutes of the State Properties Committee held on June 10, 2008, as amended, by Mr. Griffith and seconded by Mr. Kay.**

**Passed Unanimously**

**A motion was made to approve the Executive Session minutes of the State Properties Committee held on June 10, 2008, by Mr. Griffith and seconded by Mr. Woolley.**

**Passed Unanimously**

**The next scheduled meeting of the State Properties Committee will be held on**

**Tuesday, July 8, 2008, at 10:00 a.m.**

**Chairman Flynn informed everyone present that Items E, F,G & K are being deferred to a future meeting of the State Properties Committee.**

**ITEM A – Department of Administration – A request was made for approval of and signatures on a Purchase and Sale Contract by and between the Department of Administration and The Conservation Fund for the sale of 72.5 acres of land located behind the Oliver Stedman Government Center. Mr. Ryan presented a site plan for review by the State Properties Committee. Chairman Flynn reminded the Committee that conceptual approval to transfer the subject**

property was granted approximately two months ago. However, Mr. Woolley expressed concerns regarding the possibility of the need for expansion of the Courthouse in the future. Mr. Ryan explained that both he and Ms. Primiano consulted with Joseph Baxter, Court Administrator. Mr. Baxter conveyed to them that based upon his review of the site plans, there was enough remaining acreage to expand the Courthouse if necessary. Mr. Baxter indicated that the Judiciary has no plans to expand the Courthouse in the foreseeable future. Mr. Ryan noted that a correction has been made to the first page of the Purchase & Sale Contract relative to the amount of the purchase price. Said correction was made and initialed by Jerome F. Williams, Director of the Department of Administration, as well as initialed by The Conservation Fund. Mr. Ryan asked Ms. Primiano to provide the Committee with a brief history of this transaction. Ms. Primiano indicated the U.S. Fish & Wildlife Service approached the Department of Environmental Management and expressed an interest in the subject property. Ms. Primiano explained that the Department of Environmental Management has been examining the property for conservation for many years and fully supports this transaction. Ms. Primiano indicated that the property will be open and available for public use and managed consistent with all the other properties, which abut it along the Narrow River. Ms. Primiano noted that this transaction places more land in conservation at no cost to the State of Rhode Island and is in fact a monetary benefit to the State. Ms. Primiano explained that The Conservation Fund is a partner of the Department of Environmental Management and has worked in

conjunction with the U.S. Fish & Wildlife Service nationally on other projects. The Conservation Fund volunteered to act as an intermediary relative to this transaction, as it was unsure whether the U.S. Fish & Wildlife Service would have the funds available to purchase the subject property. However, the U.S. Fish & Wildlife Service has secured funding for the acquisition of the property. Therefore, Department of Administration will close on the subject property with The Conservation Fund and immediately thereafter, the U.S. Fish & Wildlife Service will add the subject property to the Pettaquamscutt Cove Refuge properties. Mr. Griffith asked how the public access will be achieved. Ms. Primiano indicated that public access will be gained primarily through the existing parcels along Narrow River with neighborhood access through one of the side roads. Mr. Ryan indicated that access will be gained through residential streets; not through the State of Rhode Island's parcel. Mr. Griffith asked if there will be access through the Steadman Government Center. Ms. Primiano indicated there will not be designated access through the Steadman Government Center. Mr. Waldron explained that as part of the public use program, if it is determined that there is a demand or need for public parking, the U.S. Fish & Wildlife Service will normally install a public parking facility on its own land in an environmentally responsible manner so as not to adversely impact the surrounding neighborhood. Ms. Primiano indicated that currently there are existing trails that lead into the property from the surrounding neighborhood. Ms. Primiano indicated that relative to the installation of a parking facility, the U.S. Fish &

Wildlife Service would need to gauge the reaction of the residents of the surrounding neighborhood. Ms. Primiano stated that she believes the Department of Environmental Management would support such a project. Mr. Pagliarini inquired whether any consideration was given to the possible trail linkage to the Steadman Government Center so that its parking lots could be utilized. It is Ms. Primiano's understanding that the Steadman Government Center presently has some parking issues; therefore, the Judiciary is concerned that designating public parking for the Refuge may worsen the situation. Mr. Pagliarini believes that the greatest demand for Refuge parking would be weekends. Ms. Primiano agreed; however, she indicated that the Judiciary did not support the proposal of shared parking. Mr. Pagliarini asked if the Judiciary has put its position regarding any future expansion of the Courthouse and available acreage in writing. Mr. Ryan indicated that the Judiciary's provided a written response relative to its position. Mr. Woolley asked Ms. Primiano to provide a brief summary of how this proposal relates to the Camp Pastore property. Ms. Primiano explained that when the U.S. Fish & Wildlife Service came forward with a proposal to purchase this property it was partly in response to the State of Rhode Island's proposal to sell Camp Pastore on the open market, which alarmed certain personnel at the U.S. Fish & Wildlife Service. The U.S. Fish & Wildlife Service proposed an alternative means of providing revenue to the State of Rhode Island by preserving the subject property and persuading the State to protect Camp Pastore. Ms. Primiano explained that although the Purchase & Sale Contract before the

**Committee today does not stipulate any conditions relative to the Camp Pastore, the Department is simultaneously working with the Department of Mental Health, Retardation and Hospitals to transfer Camp Pastore to the Department of Environmental Management's custody and control. Said transfer will include conservation restrictions on the property, which will likely be granted gratis to an organization such as The Nature Conservancy so that property will return to public use and ownership. Therefore, as a result of the subject transaction, not only is this property returned to public conservation use, but Camp Pastore as well. Under this proposal, the Department of Environmental Management will honor any agreements or commitments that Department of Mental Health, Retardation and Hospitals has with any organization to utilize the Camp Pastore property. Ms. Primiano indicated that the Department of Environmental Management will appear before the Committee regarding the Camp Pastore property in the near future. Chairman Flynn indicated that he was copied on a memorandum to that effect from Director Sullivan to Craig Stenning, Acting Director of the Department of Mental Health, Retardation and Hospitals. A motion to approve was made by Mr. Woolley and seconded by Mr. Pagliarini.**

**Passed Unanimously**

**ITEM B – Department of Environmental Management – A request was made for approval of and signatures on a License Agreement by and between the Department of Environmental Management and Interstate Navigation Co. for use of a portion of Pier No. 3 located at Fort Adams State Park to embark and disembark passengers on its Block Island**

**/Newport Ferry. Ms. Kay explained that this License Agreement will allow Interstate Navigation Co. to use of a portion of Pier No. 3 located at Fort Adams State Park from June 28, 2008, through September 1, 2008, to embark and disembark passengers on its Block Island /Newport Ferry. This License Agreement has been approved by the State Properties Committee for the past twenty (20) years and is part of Interstate Navigation Co.'s Public Utilities Commission license. Interstate Navigation Co. also provides ferry service from Point Judith to Block Island. Ms. Kay indicated that the Newport route has traditionally not seen much patronage. However, recently the schedule was modified to allow the passengers more time on Block Island. The License Agreement has historically been any annual agreement; however, it has been revised to provide for a term of three (3) years. Ms. Kay explained that the Department of Environmental Management has agreed to a three (3%) percent increase in the license fee over the next two (2) years as opposed to the fee being increased annually in accordance with Consumer Price Index. Ms. Kay submitted the addendum to the Certificate of Insurance evidencing that the State of Rhode Island is named as an additional insured. Ms. Kay stated that Interstate Navigation Co. maintains liability insurance coverage in the amount of \$10 million dollars. Chairman Flynn asked if Ms. Kay had the original presentation memorandum executed by Director Sullivan. Ms. Kay provided the executed presentation memorandum to the Committee. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.**

## **Passed Unanimously**

**ITEM C – Department of Environmental Management – A request was made for approval of and signatures on a License Agreement by and between the Department of Environmental Management and Eident Sports Marketing on behalf of Ironman 70.3 to allow use of a portion of the parking lot and beach at Roger Wheeler State Beach for the swimming portion of the Amica Ironman 70.3 triathlon to be held on Sunday, July 13, 2008. Mr. Faltus indicated that the term of the License Agreement runs from 8:00 a.m. on Friday, July 11, 2008, until 10:00 a.m. on Sunday, July 13, 2008. Mr. Faltus explained that in accordance with the terms of the License Agreement, the Department of Environmental Management is assessing a fee for the use of the parking lot on Friday and Saturday for the total amount of \$4,830.00. Mr. Faltus noted that the parking lot must be vacated by 10:00 a.m. on Sunday. The License Agreement contains a penalty clause, which stipulates that if the parking lot is not entirely vacated and available for public use and access, an additional fee of \$1,000 per hour will be assessed. Eident Sports Marketing has provided the Department of Environmental Management with a Certificate of Insurance and Endorsement from USA Triathlon, which is the sanctioning body for this triathlon. Mr. Faltus stated that the State of Rhode Island is listed as an additional insured. Mr. Pagliarini asked how the fee for parking was calculated, how many spaces will be encumbered, and will there be sufficient parking spaces available in the event temperatures are running high on that weekend. Mr. Faltus indicated that each of those factors was taken into consideration in establishing the fee. Mr.**



Faltus explained that the portion of the beach that the athletes and related individuals will be occupying is the least desirable section of the beach and receives a minimal amount of use. They will occupy the most eastern end of the beach, which is the distance furthest from the pavilion. Mr. Faltus indicated that three hundred and forty-five parking spaces have been allocated for the triathlon. The fee was based upon the weekend resident rate, which is \$7 per parking space. Mr. Faltus indicated that weather conditions for that weekend are certainly a concern for everyone involved, but unfortunately completely unpredictable. Mr. Faltus indicated that the Divisions of Parks and Recreation's Regional Manager assured him that under normal circumstances there will be sufficient parking available to accommodate the demand for average the beach traffic. Chairman Flynn asked what time of the day this event takes place. Mr. Breagy indicated that the event begins at 6:00 a.m. on July 13, 2008, and will conclude by 8:30 a.m. Mr. Pagliarini asked if there is a mechanism in place for the removal of trash prior to arrival of the public. Mr. Faltus explained that in accordance with the License Agreement, Eident Sports Marketing is required to provide dumpsters and is responsible for the clean up of the beach prior to vacating the property. Mr. Griffith asked if the public will be notified of the potential impact on traffic and parking. Mr. Breagy indicated that an "Impact Notice" will appear in the Providence Journal on the Friday before the event concerning all sites along the route of the triathlon. At the conclusion of a detailed discussion concerning parking and other concerns of the Committee, a motion to approve was made by

**Mr. Pagliarini and seconded by Mr. Griffith.**

**Passed Unanimously**

**ITEM D – Department of Human Services – A request was made for approval of and signatures on a Lease Amendment by and between the Department of Human Services, Office of Child Support Enforcement and 57 Associates to reduce the total area of leased office space at 77 Dorrance Street in the City of Providence. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith. Mr. DiBiase, Chief Legal Counsel for the Department of Human Services, indicated that he is present on behalf of the Associate Director, Sharon Santilli, who sends her apologies for not being able to attend today's meeting. Mr. Ryan indicated that Sharon Santilli has worked with the Division of Capital Projects and Property Management with regard to a consolidation plan. Over the last three years, Governor Carcieri and Director Williams have asked the Division of Capital Projects and Property Management to work on a space consolidation plan, which has involved moving several State agencies to the Pastore Center. Mr. Ryan indicated that the State of Rhode Island has achieved great savings in doing so. Mr. Ryan indicated that in this case, the State of Rhode Island will realize substantial savings as the result of reducing space within a leased premise. Ms. Santilli indicated that the Office of Child Support Enforcement should remain at the current location due to its close proximity to the Garrahy Judicial Complex. Mr. Ryan stated that there is no suitable available space for the office at the Pastore Complex. Mr. Ryan explained that the Division of Capital Projects and Property**

Management was able to negotiate a Lease Amendment under which the State will realize a significant savings. The annual savings will be approximately \$158,000. The space utilized will be reduced from 37,925 square feet to 25,812 square feet. Mr. Ryan noted that Mr. Joseph Paolino, the landlord, has been very accommodating relative to the State's desire to reduce the amount of leased office space. Mr. Licht, Mr. Paolino's attorney and Mr. Mitchell of the Department of Administration have worked out the terms and conditions of the Lease Amendment to the satisfaction of Mr. Woolley of the Department of Attorney General. Chairman Flynn clarified that this is the final two years of an existing five (5) year Lease Agreement. Mr. Ryan indicated that the Lease Agreement is due to expire in 2010. Chairman Flynn asked if alternative State-owned properties were investigated as potential sites for the Office of Child Support Enforcement. Mr. Ryan indicated that other State properties were examined; however, there is no suitable space available. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith. Under discussion, Mr. Pagliarini asked what exactly is done in this building. Mr. DiBiase indicated that the building houses the child support agency. Mr. DiBiase indicated that every state has a child support agency, which is partially federally funded. Mr. DiBiase explained that the agency actually occupies two (2) buildings conjoined by an atrium; 110 Eddy Street and 77 Dorrance Street. Mr. DiBiase noted that at one time there were forty-five (45) child support agencies; however, there are now only twenty-five (25) agencies. There were one hundred ten (110) FTs and there are now seventy-two

(72) as a result of layoffs, retirements and resignations. Mr. DiBiase explained that the Office of Child Support Enforcement is dedicated to the establishment of paternity and the establishment and enforcement of child support obligation. There are currently fifty eight thousand (58,000) cases in the child support system. Mr. Woolley noted that the agency generates income for the State of Rhode Island. Mr. DiBiase explained that the agency utilizes the Family Court, license revocation, income tax intercepts and various other tools to enforce the payment of child support obligations. Mr. Pagliarini questioned why the State of Rhode Island recently sold a building in the Downtown area of Providence because it was determined to be in excess of the State's needs and yet 25,000 square feet of office space is being rented for use by a State-agency. Chairman Flynn indicated that the State of Rhode Island certainly appreciates the landlord's indulgence by agreeing to a substantial reduction in space and rent. Mr. Pagliarini asked what the total amount of the affiliated expenses is relative to this property. Mr. Ryan explained that he did not have that information at this time; however, the landlord's financial advisors will provide said information in the near future. Mr. Ryan reiterated that there will be a savings of one third (1/3) across the board. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

**Passed Unanimously**

A motion was made to hear Item M out of sequence by Mr. Woolley and seconded by Mr. Griffith.

**Passed Unanimously**

**ITEM M – Department of Administration – Discussion regarding the operation of the Veterans Memorial Auditorium. The panel of presenters introduced themselves as follows: Bruce Leach, General Counsel for the Rhode Island Convention Center Authority; Jim McCarvill, Executive Director of the Rhode Island Convention Center Authority; Bob Flanders, President of the Veterans Memorial Auditorium Foundation; and W. Thomas Humphreys from the law firm of Hinckley, Allen & Snyder, outside counsel to the Veterans Memorial Auditorium Foundation. Chairman Flynn noted that Marilyn McConaghy, Chief Legal Counsel for the Department of Administration is also present. Mr. McCarvill stated that the Veterans Memorial Auditorium is a great asset to the State of Rhode Island; however, it is unfortunately aging and has had difficulty developing a strong program of live events. The Veterans Memorial Auditorium has done an extraordinary job with the fine arts community inclusive of both the Rhode Island Philharmonic and the Festival Ballet Providence. Mr. McCarvill indicated over the last ten (10) months, the Rhode Island Convention Center Authority has consulted with the Veterans Memorial Auditorium Foundation and the Department of Administration regarding management of the Veterans Memorial Auditorium. Mr. McCarvill stated that the general consensus is that the Auditorium would be better served through a different management structure. Mr. McCarvill indicated that the Auditorium would be more efficient and certainly more active if it were folded into the Convention Center and the Dunkin Donuts Center's operation. The Department of Administration currently has a Lease Agreement**

with the Veterans Memorial Auditorium Foundation. Mr. McCarvill explained that the proposal before the Committee is to have the Department of Administration vacate said Lease Agreement and enter into a new lease agreement with the Convention Center Authority to manage the facility for the coming year. During that year, the Convention Center Authority would analyze both operations and capital needs with the intention of returning to the State Properties Committee with a plan that speaks to what direction the facility should be taken in for the long term. Mr. McCarvill reiterated that this matter has been discussed at length and the Convention Center Authority feels that the auditorium's activity level can be increased by at least fifty (50%) to seventy-five (75%) percent from its current level of activity. Mr. McCarvill indicated that a Request for Proposals was prepared and issued. The Convention Center Authority received an intriguing proposal from the organization that manages the Providence Performing Arts Center. The Convention Center Authority believes that a partnering of that organization with SMG, which currently runs the Convention Center and the Dunkin Donuts Center, will be a positive combination to manage the Veterans Memorial Auditorium from a physical plan standpoint, marketing standpoint and operational standpoint. Mr. McCarvill stated that at this time the Convention Center Authority would like to put that management contract in place; however, in order to accomplish this, the Lease Agreement between the Department of Administration and the Veterans Memorial Auditorium Foundation must be vacated and the Department of Administration must enter into a new lease agreement

with the Convention Center Authority Mr. Flanders noted that the parties plan to return to the State Properties Committee on July 8, 2008, with a proposed lease agreement between the Department of Administration and the Convention Center Authority. Mr. Woolley asked if the Veterans Memorial Auditorium is in competition with the Convention Center and the Dunkin Donuts Center as it currently exists. Mr. Flanders indicated that it is not in competition with either of those venues; however, the hope is that the Veterans Memorial Auditorium will be able to take advantage of some of their marketing synergies by having a central booking and ticketing authority so that different types of events/shows could be coordinated. Mr. Flanders indicated that the Veterans Memorial Auditorium has featured cultural arts and educational presentations. The hope is that the Veterans Memorial Auditorium can expand its current repertoire of event in order to increase the revenue needed to transform the Auditorium into a financially viable entity. The intended strategy is to have a centralized management authority coordinate events between the Convention Center, PPAC and the Veterans Memorial Auditorium allowing the Veterans Memorial Auditorium to take advantage of the booking expertise and marketing savvy of said management authority, which will far exceed the results of the Veterans Memorial Auditorium's current efforts. Mr. Pagliarini asked Mr. Flanders if this plan will effectively put the Veterans Memorial Auditorium Foundation out of business. Mr. Flanders stated that the current employees of the Veterans Memorial Auditorium have been advised that they will be terminated on or before June 30, 2008. The employees have been

provided with information regarding the possibility of continued employment with the Convention Center; however, that decision is solely at the discretion of the Convention Center and its current management. As far as the Foundation itself, there have been discussions regarding continuing the entity's existence in some sort of advisory capacity or fund raising capacity. Mr. Flanders explained that if this proposal goes forward as contemplated, the Lease Agreement between the Department of Administration and the Veterans Memorial Auditorium Foundation will be terminated and a new lease agreement will be entered into between the Department of Administration and the Convention Center Authority; however, the Veterans Memorial Auditorium Foundation will continue to subsist until and/or unless it chooses not to. Mr. Flanders indicated that unless an agreement is reached wherein the Veterans Memorial Auditorium Foundation maintains some advisory or fund raising function, the future of the Foundation will be tentative at best, as the Foundation's sole function has been to manage and operate the Auditorium and provide services in that regard. Mr. Flanders expressed concern regarding the upkeep of the facility in the event a resolution is not reached prior to the termination of the current employees on June 30, 2008. Mr. Flanders stated that although there are no performances scheduled during that period, the facility must be tended to and maintained until such time as appropriate arrangements are made between the State of Rhode Island and the Convention Center Authority concerning building maintenance. Chairman Flynn stated that the Department of Administration and the



Convention Center are actively engaged in discussion to ensure that the transfer of the Auditorium's care continues seamlessly. Mr. Flanders also expressed concern that any commitments previously made by the Veterans Memorial Auditorium Foundation with various organizations are honored especially those with the Rhode Island Philharmonic and the Festival Ballet Providence. Chairman Flynn assured Mr. Flanders that any and all commitments will be honored inclusive of any financial obligations. Mr. Flanders explained that the Veterans Memorial Auditorium Foundation occupies what is known as Condominium Unit 2, which includes not only the Auditorium but also a six-story office building, which under the current Lease Agreement requires the State of Rhode Island to convey title to that facility to the Veterans Memorial Auditorium Foundation. Mr. Flanders explained that the conveyance of the title was originally planned for June 30, 2008; however, it was subject to the bonds being repaid and they will not be repaid for several years. Therefore, the Veterans Memorial Auditorium Foundation will be giving up the conveyance of said title as part of this new arrangement. Mr. Pagliarini asked Mr. Flanders to explain why the State of Rhode Island is obligated to include the Veterans Memorial Auditorium Foundation in any future transaction involving the Veterans Memorial Auditorium property. Mr. Flanders explained that the Veterans Memorial Auditorium Foundation has a legal and contractual right concerning the property. Mr. Pagliarini explained that he is trying to understand the circumstances as he was neither provided with any documentation nor been involved in any discussions relative to this

matter. Mr. Flanders explained that the Veterans Memorial Auditorium Foundation is a tenant and the State of Rhode Island is legally obliged to lease the premises to the Veterans Memorial Auditorium Foundation and legally obliged to convey the property, subject to the terms and conditions of the Lease Agreement. Mr. Flanders indicated that the Foundation is a party to a legally binding agreement and said agreement must be modified in order for a new proposal is to move forward. The Veterans Memorial Auditorium Foundation's Board of Directors will have to meet and approve said proposal, which will essentially terminate that Foundations legal right to the facility. Chairman Flynn asked if the State Properties Committee had any further questions at this time. Chairman Flynn thanked the panel for presenting this matter for discussion on such short notice. Mr. McCarvill explained that the parties will be seeking to terminate the current lease by and between the Department of Administration and the Veterans Memorial Auditorium Foundation while simultaneously permitting the Department of Administration to enter into a new lease agreement with the Rhode Island Convention Center Authority. Mr. Pagliarini asked if the premises will have to be offered publicly, via a Request for Proposals once the current Lease Agreement is terminated in order to determine if the Rhode Island Convention Center Authority is the best use for the subject property. Chairman Flynn indicated that he would investigate Mr. Pagliarini's question and advise the State Properties Committee accordingly. Mr. McCarvill thanked and commended Mr. Flanders and the Veterans Memorial Auditorium Foundation for their extraordinary cooperation

as this proposal has not been pleasurable for them. However, he believes that as an advisory committee, the Foundation will serve as a kind of conscience for the future management of the Veterans Memorial Auditorium. Mr. McCarvill stated that as Veterans Memorial Auditorium has always been conceived as a home for the fine arts and committed to educational excellence, any future management of the facility should stay true to that mission. The parties anticipate that they could return as soon as July 8, 2008, with some sort of final documents.

**ITEM E – Board of Governors for Higher Education – A request was made for**

**approval of and signatures on a Site License Agreement for a Transmission and Receiving Antenna Serving the Rhode Island Statewide Communications Network. This item is deferred to the July 8, 2008, meeting of the State Properties Committee.**

**ITEM F –Board of Governors for Higher Education – A request was made for approval of and signatures on an Agreement by and between the Rhode Island Emergency Management Agency for the Operation of Emergency Shelters at the University of Rhode Island. This item is deferred to the July 8, 2008, meeting of the State Properties Committee.**

**ITEM G – Board of Governors for Higher Education – A request was made for approval of and signatures on an Agreement by and between the Rhode Island Emergency Management Agency for the Operation of Emergency Shelters at the Community College of Rhode Island. This item is deferred to the July 8, 2008, meeting of the State**

## **Properties Committee.**

**The State Properties Committee agreed to defer Item H until the end of the meeting.**

**ITEM I – Department of Transportation – A request was made for approval of a renewal of a License Agreement by and between the Department of Transportation and Blue Street Management for use of approximately 1,640 square feet of property located at 614 George Washington Highway in the Town of Lincoln for purposes of beautification and a small portion of which is used as supplemental parking. Mr. Coppotelli explained that the subject License Agreement is for a term of five (5) years and is revocable at will. The original license fee was \$100.00 and was increased to \$115.00 in March of 2008. Mr. Coppotelli indicated that the license fee will be re-evaluated at the end of the third term of the License Agreement. Mr. Pagliarini asked why the Department of Transportation chose to utilize a license agreement rather than a non-exclusive surface agreement for parking.**

**Mr. Coppotelli indicated that for as long as he has been appearing before the State Properties Committee with parking requests, the Department has always utilized a License Agreement for this purpose. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Woolley.**

**Passed Unanimously**

**ITEM J – Department of Transportation – A request was made for approval of and signatures on a Quit Claim Deed by and between the Department of Transportation and Glen Hills, LLC conveying 28,283 square feet of property located in the Glenn Hills section the City of**

**Cranston designated as Plat 11-4, portion of Parcels 43, 45, 54 & 60; abandoned portion of Stone Hill Drive. Mr. Jackson illustrated the exact location of the subject property using a site map. Mr. Jackson indicated that the Department of Transportation issued a Request for Proposals in August of 2007. Subsequently, the State Properties Committee approved and executed the Purchase and Sale Agreement on or about December 21, 2007. Mr. Jackson indicated the purchase price for the subject property is \$171,500, which exceeds the appraised value of the property. A motion to approve was made by Mr. Pagliarini and seconded by Mr. Woolley.**

**Passed Unanimously**

**ITEM K – Department of Transportation – A request was made for approval of and signatures on a Letter of Authorization to allow the Rhode Island Economic Development Corporation's subcontractor, Woodward & Curran, Inc, access onto property located at 680 George Washington Highway in the Town of Lincoln to install two (2) monitoring wells. This item is deferred to a future meeting of the State Properties Committee.**

**ITEM L – Department of Transportation – A request was made for conceptual approval to convey approximately 9,300 square feet of State-owned land located on Pawtucket Avenue at the Seekonk River Crossing in the City of East Providence, which abuts the Wampanoag Mall. Mr. Jackson illustrated the exact location of the subject property and described the surrounding area using a site map. Mr. Jackson explained that the applicant wishes to utilize the subject property for additional access to the loading docks at the**

Wampanoag Mall. Mr. Jackson indicated that he spoke at length with Jeanne Boyle of the City of East Providence and stated that the City of East Providence supports this transaction. Mr. Griffith asked if the subject property is part of the land acquired by the State of Rhode Island to extend the roadway from Henderson Bridge to ultimately connect to Route 44. Mr. Jackson stated that Mr. Griffith's statement is correct. Mr. Griffith asked if the State of Rhode Island still owns the remaining portion of the acquired property. Mr. Jackson indicated the State of Rhode Island does own the remaining property. Mr. Griffith asked why the Department of Transportation has not investigated a proposal to deem the remaining property surplus and dispose of it in its entirety rather than selling the property in a piece meal fashion as the State has no plans to construct said connector. Mr. Jackson indicated that the Department of Transportation has investigated such a proposal; however, most of the property contains wetlands. Mr. Pagliarini indicated that as the Department does not have an overall game plan relative to the remaining property, he believes it would be prudent to grant a non-exclusive surface easement to the applicant while retaining the fee to the subject property. Mr. Jackson indicated that there is a limit to the length of time the Department is able to grant an easement. Mr. Jackson indicated that the Department of Transportation proposed entering into a license agreement for use of the property; however, that proposal was rejected by the applicant. Mr. Pagliarini stated that he believes it is more appropriate to enter into a license agreement rather than selling the subject parcel of land prior to having a plan

relative to the remaining property. A motion was made to deny, without prejudice, the Department of Transportation's request for conceptual approval to convey the subject property to Emmes Asset Management Company by Mr. Pagliarini and seconded by Mr. Kay.

**Passed Unanimously**

Under discussion, Chairman Flynn informed the Committee that he has been working with the Department of Transportation; not so much with regard to the subject property, but relative to the, so called, E'Zee Car Rental & Leasing Company property. Chairman Flynn indicated that the parcel of land that the Department of Transportation is proposing to convey to E'Zee Car Rental & Leasing Company will allow the State of Rhode Island to retain enough property for future State corridor use. Chairman Flynn indicated that the subject transaction is in keeping with that plan. Mr. Pagliarini reiterated that if the Department of Transportation returns to the State Properties Committee with a long range plan and especially if Statewide Planning is involved with said plan, he may very well support a proposal to sell individual parcels of land. Chairman Flynn indicated that a sale of the entire parcel of land to E'Zee Car Rental was proposed; however, neither the Department of Transportation nor the City of East Providence supports said proposal, as both entities wish to keep the right of way intact.

The State Properties Committee agreed to defer Item H until the close of the Executive Session.

The Committee moves to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of

**discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public.**

**A motion was made to enter into Executive Session by Mr. Griffith and seconded by Mr. Kay. A roll call vote was taken and the votes were as follows: Mr. Griffith voted “Aye”, Mr. Pagliarini voted “Aye”, Mr. Woolley voted “Aye” Mr. Kay voted “Aye” and Chairman Flynn voted “Aye”.**

**ITEM E1 – Department of Transportation – A discussion concerning ongoing negotiations regarding a License Agreement by and between the Department of Transportation and Grasso’s Service Center, Inc. for use of approximately 5,000 square feet of property located at 116 Hartford Avenue in the City of Providence. No action was required by the State Properties Committee relative to Item E1.**

**The State Properties Committee closed the Executive Session and returned to**

**open session at 11:15 a.m.**

**ITEM H – Department of Transportation – A request was made for approval of and signatures on a Perpetual Non-Exclusive Surface Easement by and between the Department of Transportation and**



Atlantic-Plain Realty, LLC for use of property abutting 90 Plain Street in the City of Providence for surface parking in conjunction with its development of the abutting improved commercial area. Chairman Flynn explained that the subject property is controlled by the Department of Transportation and located adjacent to the 90 Plain Street, which the State of Rhode Island is conveying to Atlantic- Plain Realty, LLC for a purchase price of \$3.6 million dollars. It is Chairman Flynn's understanding that it is the intention of the Department of Transportation to allow the buyer of the 90 Plain Street property to utilize a certain portion of State highway land for additional parking. Mr. Ryan indicated that Chairman Flynn's statement is correct. Mr. Ryan presented an aerial photograph of the subject property and illustrated that exact location of the subject property. Mr. Ryan indicated that the State of Rhode Island sold the 90 Plain Street property via a public auction. Since that time, the parties have executed a Purchase and Sale Contract and during the buyer's completion of due diligence a zoning issue with City of Providence came to light. Although Atlantic-Plain Realty, LLC's tenant does not need the amount of parking spaces required by the Providence Zoning Code, they have requested that the assistance of the Department of Transportation in order to close on the 90 Plain Street property. Mr. Ryan indicated that the State of Rhode Island is extremely anxious to close on the property prior to the end of the fiscal year. Mr. Ryan explained that the parties have enlisted that help of William McCarthy and his staff at the Department of Transportation. Mr. Ryan indicated that Mr. McCarthy has expended a

tremendous amount of time and effort in order to facilitate and effectuate the Perpetual Non-Exclusive Surface Easement before the Committee today. Mr. Ryan indicated that he has been assured that the documents have been executed and were forwarded to the Department of Transportation via overnight mail; however, said documents have not yet been received by the Department of Transportation. Mr. Ryan could offer no reason for the delay, but indicated that the absence of the documents certainly presents a problem, as the closing of the 90 Plain Street property depends upon receipt of the executed Non-Exclusive Surface Easement Agreements. It was Mr. Woolley's understanding the State Properties Committee had previously signed off on the deed. Mr. Ryan explained that State Properties Committee did in fact approve the Quit Claim Deed; however, the closing has not yet been scheduled or accomplished. Mr. Woolley inquired as to whether this enhancement will increase the value of the 90 Plain Street property. Mr. Ryan indicated that Atlantic-Plain Realty, LLC will pay compensation to the Department of Transportation for the Perpetual Non-Exclusive Surface Easement over this property as said property is controlled by the Department of Transportation. However, although Atlantic-Plain Realty, LLC is paying compensation for both properties, the compensation paid to the Department of Transportation will be allocated to the Department of Transportation's revolving fund to be utilized for matching funds of Federal Highway Association. Mr. Woolley inquired as to whether the initial appraisal of the property included the condition of the Perpetual Non-Exclusive Surface

Easement and, if not, would said condition have increased the value and purchase price of the 90 Plain Street property. Mr. Ryan explained that Atlantic-Plain Realty, LLC. is paying \$25 per square foot for the additional 6,500 square feet of property for an annual total of \$146,000. Chairman Flynn, Mr. Ryan and Mr. McCarthy all indicated that it is doubtful that the Perpetual Non-Exclusive Surface Easement would have increased the appraised value of the 90 Plain Street property. Mr. Pagliarini asked whether the Request for Proposals required the potential bidders to conduct due diligence prior to submitting a bid. Mr. Ryan stated that the property was sold as is. However, the practical problem is that the State has entered into a Purchase and Sale Contract and the State needs to close on the subject property for budgetary purposes. Mr. Pagliarini stated that Atlantic-Plain Realty, LLC has entered into a legally binding Purchase and Sale Contract with the State of Rhode Island for the conveyance of the 90 Plain Street property; therefore, he fails to understand how this adjacent parcel of land affects that transaction. Mr. Pagliarini agreed that the Perpetual Non-Exclusive Surface Easement would certainly be desirable, but he questioned how it affects the terms and condition of the Purchase and Sale Contract. Mr. Ryan noted that legally the State of Rhode Island could walk away from the deal. Mr. Pagliarini asked if Atlantic-Plain Realty, LLC can legally walk away from the deal. Mr. Pagliarini stated that as Atlantic-Plain Realty, LLC successfully bid on the 90 Plain Street property, as is, and the Request for Proposals did not contain any provision concerning the adjacent property then Atlantic-Plain Realty, LLC. owes the State of

Rhode Island \$3.6 million dollars whether or not the Department of Transportation agrees to grant the Perpetual Non-Exclusive Surface Easement over the adjacent property. Mr. Woolley noted that the State of Rhode Island could move for specific performance. Mr. Ryan agreed that the State could move for specific performance and reiterated that the State of Rhode Island could walk away from the deal and retain Atlantic-Plain Realty, LLC's deposit. Mr. Pagliarini argued that walking away from the deal and keeping the deposit is not the issue; the issue is that Atlantic-Plain Realty, LLC successfully bid \$3.6 million dollars on the 90 Plain Street, as is, and he questioned whether the State of Rhode Island is under duress to provide the additional necessary parking to ensure that Atlantic-Plain Realty goes through with the purchase of 90 Plain Street property, which it is already legally obligated to do. Mr. Ryan explained that Atlantic-Plain Realty, LLC's position is that it will not be able to obtain the necessary building permit to complete vital renovations unless it complies with the zoning requirements and furthermore, its lender takes issue with any noncompliance relative to zoning requirements. Mr. Pagliarini asked whether the Purchase and Sale Contract contained a provision that required Atlantic-Plain Realty, LLC to obtain a building permit for a specific use before purchasing the property as is. Mr. Ryan stated that the Purchase and Sale Contract contains no such provision and the property was purchased as is. Mr. Pagliarini asked if in accordance with the Purchase and Sale Contract, Atlantic-Plain Realty, LLC owes the State of Rhode Island \$3.6 million dollars regardless of whether the State grants the

**Perpetual Non-Exclusive Surface Easement. Mr. Ryan assumes that Atlantic-Plain Realty is obligated to pay the purchase price. Mr. Pagliarini asked Mr. Ryan to further clarify that the subject parcel of land was not contemplated as part of the Request for Proposals, was not a condition of the Purchase and Sale Agreement or in any way referenced relative to the conveyance of the subject property. Mr. Ryan indicated that Mr. Pagliarini's statement is correct. Mr. Pagliarini asked if the State of Rhode Island has obtained federal permission to perform construction on a federally funded, State right-of-way. Both Mr. McCarthy and Mr. Ryan indicated that permission from the Federal Highway Association has been secured.**

**Mr. McCarthy indicated that the Department of Transportation has received verbal permission and written permission is part of the package the Department is awaiting via overnight mail. Chairman Flynn asked what documents the Department of Transportation is still awaiting. Mr. McCarthy indicated that the overnight package will contain a letter confirming permission of the relocation of the freeway line from Michael Butler, the Federal Highway Administration Right-of-Way Agent, and the survey. Mr. Pagliarini questioned why the Department of Transportation is opting to grant a Perpetual Non-Exclusive Surface Easement rather than entering into a license agreement. Mr. Pagliarini questioned why the Department is diverting from its normal procedure of entering into a license agreement to grant an easement for purposes of parking. Mr. McCarthy explained that a license agreement is revocable at will and such a provision may not be acceptable to the lender. Chairman Flynn reminded the**

Committee that the State has precious few days to accomplish a closing on the 90 Plain Street property prior to the close of the fiscal year. Mr. Woolley stated that the distinction between a license agreement and an easement is simply that the closing of the 90 Plain Street property will provide approximately \$147,000 to be allocated back to the Department and facilitate the conclusion of the sale of the 90 Plain Street property, which will generate \$3.6 million dollars in revenue to the State of Rhode Island. Mr. Woolley indicated that given the practical financial issues before the State Properties Committee, the request could be approved subject to the outstanding documents being received as opposed to scheduling a special meeting to accomplish the very same objective. Mr. Pagliarini expressed his belief that the State Properties Committee and the State of Rhode Island are being pressured into disregarding the normal operating procedure because a license agreement is not acceptable to the lender. Mr. Pagliarini suggested that the "revocable at will" language be removed from the license agreement rather than setting a potentially harmful precedent by utilizing an entirely different mechanism to placate a particular lending institution. Mr. Ryan explained that the Department of Transportation refuses to remove the "revocable at will" language from its license agreements as said condition safeguards it from potential conflict in the event the licensed property should become essential to the future needs of the Department. Mr. Woolley asked what documents the Department of Transportation is awaiting receipt of at this time. Mr. Ryan indicated that the Department is awaiting the executed Perpetual

**Non-Exclusive Surface Easement Agreement, the survey and the letter of approval from the Federal Highway Administration. Mr. Woolley indicated that he is hesitant to make a motion to approve in the absence of so many essential documents. Chairman Flynn suggested that a special meeting of the State Properties Committee could be scheduled on either Friday, June 27, 2008, or Monday, June 30, 2008. The members of the State Properties Committee indicated that they were unavailable on one or both of the dates suggested by the Chairman. Mr. Woolley asked when the closing would be accomplished. Mr. Ryan indicated that the closing on the Perpetual Non-Exclusive Surface Easement will be scheduled forthwith subject to the Committee's approval and the closing on the 90 Plain Street property will be scheduled immediately thereafter. A motion was made to approve subject to the executed Perpetual Non-Exclusive Surface Easement Agreement being received from Atlantic-Plain Realty, LLC, the letter of approval being received from the Federal Highway Administration as well as Mr. Woolley's review thereof, and receipt of the survey by Mr. Woolley and seconded by Mr. Kay. The motion passed four (4) votes "Aye" to one (1) vote "Nay"**

**Four (4) Votes "Aye"**

**Mr. Woolley**

**Mr. Kay**

**Mr. Griffith**

**Chairman Flynn**

**One (1) vote “Nay”**

**Mr. Pagliarini**

**There being no further business to come before the State Properties Committee, the meeting was adjourned at 11:29 a.m. A motion was made to adjourn by Mr. Griffith and seconded by Mr. Woolley.**

**Passed Unanimously**

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**Holly H. Rhodes, Executive Secretary**